Joshua A. Sussberg, P.C.
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Patrick J. Nash, Jr., P.C. (*pro hac vice* pending)
Ross M. Kwasteniet, P.C. (*pro hac vice* pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Counsel to the Debtors and
Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
CELSIUS NETWORK LLC, *et al.*,[1]	)	Case No. 22-10964 (MG)
Debtors.	)	(Joint Administration Requested)

DECLARATION OF ALEX MASHINSKY, CHIEF EXECUTIVE OFFICER OF CELSIUS NETWORK LLC, IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Alex Mashinsky, Chief Executive Officer of Celsius Network LLC (together with the above captioned debtors and debtors in possession, the "Debtors"), and certain of its Debtor and non-Debtor affiliates (collectively, with the Debtors, "Celsius" or the "Company"), hereby declare under penalty of perjury:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Introduction

A. Overview of Celsius Operations

1. Celsius is one of the largest and most sophisticated cryptocurrency ("cryptocurrency" or "crypto") based finance platforms in the world and provides financial services to institutional, corporate, and retail clients across more than 100 countries. It was created in 2017 by founders Alex Mashinsky, S. Daniel Leon, and Nuke Goldstein to be one of the first crypto platforms that would allow users to transfer their crypto assets and (a) earn rewards on such crypto assets and/or (b) take loans using those transferred crypto assets as collateral.

2. At the time of Celsius' founding, crypto suffered from an illiquidity problem. While crypto had, and continues to have, real tangible market value, many businesses and financial institutions did not initially accept crypto as a medium of exchange (a problem that still exists today). This meant that holders of crypto who wanted to use their crypto to pay bills, make purchases, or otherwise monetize their crypto, would have to convert their crypto into U.S. dollars or other "fiat" currency.[2] These fiat conversions triggered tax consequences and cut off the opportunity to realize future appreciation in the value of the crypto sold.

3. Holders of crypto assets also suffered from a lack of market purchasing power. Many of the best opportunities to earn returns on crypto assets were only available to holders of large crypto portfolios. For example, "staking" opportunities (discussed further below) are often only available to those who hold a large quantity of crypto, far beyond the holdings of most individuals.

4. Thus, Celsius was created with a basic business model whereby users could transfer their crypto assets to Celsius and benefit from the opportunity to borrow fiat, or other digital assets,

[2] "Fiat" currency refers to government-issued currency that is not backed by a commodity, such as gold or silver.

against those assets or earn rewards on those assets at more favorable rates than traditional banks or cryptocurrency platforms that merely store crypto assets.[3]

5. The terms of use that form the basis of the contract between Celsius and its users explicitly state that in exchange for the opportunity to earn rewards on assets, users transfer "all right and title" of their crypto assets to Celsius including "ownership rights" and the right to "pledge, re-pledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer or use" any amount of such crypto, whether "separately or together with other property", "for any period of time," and "without retaining in Celsius' possession and/or control a like amount of [crypto] or any other monies or assets, and to use or invest such [crypto] in Celsius' full discretion."[4] A version of this statement has been in every version of Celsius' "Terms of Use" since 2018.[5] And since 2019, the Company has been clear that it might "experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in immediate halt of transactions either temporarily or permanently."[6]

6. The rewards offered by Celsius vary by the type and amount of crypto asset transferred to the Celsius platform, prioritizing Celsius' need for the particular type of crypto assets, and depend on a wide set of considerations, prioritizing Celsius' need for the particular type of crypto asset.

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[3] A small percentage of digital assets transferred to Celsius came in through the no yield "Custody Service," which has different terms of use (as discussed in Part II of this Declaration).

[4] *See* paragraph 13 of Celsius' "Terms of Use," as of April 14, 2022.

[5] The February 1, 2018 original document stated that "User represents and warrants that is [sic] understands that Celsius may, for its own account, pledge and repledge from time to time, without notice to the User, either separately or in common with other such cryptocurrency, any or all of the Digital Currency that comprises the Deposited Amount held by Celsius for the benefit of User and that Celsius may do so without retaining in its possession or control for delivery, a like amount of similar cryptocurrency." *See* V(c) Representations and Warranties, "Terms of Use," as of February 1, 2018.

[6] *See* paragraph 11 of Celsius' "Terms of Use," as of April 14, 2022. This statement has been in every version of Celsius' "Terms of Use," since April 30, 2019.

7. Celsius' platform was launched in 2018 and by the end of 2018, over $50 million of crypto had been transferred onto its platform by users. By May of 2019 that number grew to $200 million. By March of 2021 that number had grown to more than $10 billion.

8. In October 2021, the Company expanded its business by purchasing non-Debtor GK8 Ltd. ("GK8"), an Israeli company, for $115 million. GK8 provides a market leading "cold" storage platform for crypto assets. In December 2021, Celsius announced the first closing of its Series B equity funding with a capital raise of approximately $600 million from various investors at an implied enterprise value of approximately $3 billion. By May 2022, the Company had raised approximately $690 million from its Series B financing, with all but $6 million of that amount funded.

9. By July 2022, Celsius had approximately 1.7 million registered users and approximately 300,000 active users with account balances of more than $100, and approximately $6.0 billion in assets and was preparing to go forward with an initial public offering of Debtor Celsius Mining LLC ("Mining").

B. Events Leading to these Chapter 11 Cases

10. Celsius' early success was not without its hiccups. The amount of digital assets on the Company's platform grew faster than the Company was prepared to deploy. As a result, the Company made what, in hindsight, proved to be certain poor asset deployment decisions. Some of these deployment activities took time to unwind, and left the Company with disproportional liabilities when measured against the unprecedented market declines. The Company also suffered other unanticipated losses. In 2021 and 2022, the Company had started making significant changes to its business model to address these losses, including reducing rewards rates and introduction of user fees.

11. In the midst of the Company's efforts to right-size those liabilities, unanticipated global events put a strain on the Company's activities. Among other factors, the lingering effects of the COVID-19 pandemic, coupled with rampant inflation and the adverse effects of the war in the Ukraine on the world economy, contributed to a massive sell-off in traditional assets in 2022. The crypto market is not immune to these macroeconomic trends, as it also experienced extreme market volatility in 2022, particularly in the last three months. Several negative events in the crypto space, including the implosion of Terra LUNA ("Luna") and its TerraUSD (UST) stablecoin ("UST") (as discussed in Part IV of this Declaration), accelerated the onset of a "crypto winter" and an industry-wide sell-off in 2022.[7]

12. The onset of the "crypto winter" combined with the well-publicized collapse of Luna and the failure of several crypto funds/exchanges led to growing industry-wide reluctance to do business with companies, such as Celsius, that held crypto assets. This reluctance was exacerbated by a series of negative media and social media comments about Celsius, a number of which were unsupported and misleading. As a result of all of these factors, users began withdrawing crypto from Celsius' platform in large amounts and at a rapid pace.

13. The Celsius business model is centered on deploying digital assets to generate income for Celsius and its operations and growth. Some of Celsius' crypto is tied up in long term and illiquid crypto deployment activities; some of Celsius' crypto assets have been loaned to third parties; and some of Celsius' crypto assets have been pledged in support of borrowings or sold to generate cash used to acquire Bitcoin mining equipment and the GK8 storage business. Because of the variety of asset deployment strategies the Company engaged in, including the terms and

[7] The collapse of the Terra LUNA platform resulting in a loss of approximately $40 billion in market value for the Luna and UST rattled the cryptocurrency community's confidence in even the largest and most trusted platforms.

length of time those strategies "lock" the assets, and due to the drop in value of digital assets, Celsius was unable to both meet user withdrawals and provide additional collateral to support its obligations.

14. This left Celsius to deal with an unexpected and rapid "run on the bank." In an effort to stabilize its business and protect its users, on June 12, 2022 (the "Pause Date"), Celsius decided to pause all withdrawals, swaps, and transfers on its platform (the "Pause"). Concurrently with this decision, the Company decided to limit its engagement in asset deployment, as further explained herein, to conserve its remaining assets. The Pause was intended to prevent certain users—those who were the first to act—from being paid in full while leaving other users behind to wait for Celsius to harvest value from illiquid or longer-term asset deployment activities before they received a recovery.

15. In connection with the Pause, Celsius' management began to explore immediate potential strategic solutions at a much quicker pace than they had considered previously. On or about June 19, 2022, Celsius retained Centerview Partners LLC ("Centerview"), as financial advisor and investment banker, and Alvarez & Marsal North America, LLC ("A&M"), as restructuring advisor to advise on potential transactions. On or about June 28, 2022, Celsius retained Kirkland & Ellis LLP ("Kirkland") as restructuring counsel.[8] Celsius has engaged and is continuing to engage in discussions with certain third parties regarding potential sources of new liquidity. Discussions with these third parties, however, all suggested that an in-court process would be necessary to yield the most value-maximizing path forward and to allow Celsius to return value to users in a fair and transparent manner. To date, Celsius has closed or unwound nearly all

[8] Celsius had engaged different restructuring counsel on or around June 19, 2022, and subsequently replaced that counsel with Kirkland.

of its outstanding DeFi (as defined herein) and other counterparty loans to bring its collateral back under its control.

16. These chapter 11 cases will provide a "breathing spell" for the Debtors to negotiate and implement a plan that will maximize the value of its business and generate meaningful recoveries to our stakeholders as quickly as possible.

Celsius Network Inc.

Consolidated Assets & Liabilities, as of July 13, 2022

(USD, MMs)

Liabilities	
User Liabilities	$ (4,720)
CEL Liabilities	(210)
Custody Liabilities	(180)
Other	(390)
Total Liabilities	**$ (5,500)**
Assets	
Bank Cash	170
Crypto Assets	1,750
Loans	930
Allowance For Doubtful Accounts	(310)
Net Loans	620
Mining Assets	720
Custody Assets	180
CEL Token	600
Other	270
Total Assets	**$ 4,310**
Surplus / (Deficit)	**$ (1,190)**

Note These preliminary unaudited amounts are presented on a non-GAAP basis for illustrative purposes only and are rounded to the nearest $10 million USD. Amounts include non-Debtor subsidiaries. Celsius generally does not produce mid-month balances sheets, and the intent here is to provide a snapshot and directional sense for various assets and liabilities as of the petition date. Amounts from subsequent filings reflecting a petition date balance sheet may be materially different as a result of further review and diligence by management.

Background

17. I am the Chief Executive Officer of Celsius Network LLC and have held that position since its founding in 2017. I am also the Chief Executive Officer of Debtors Celsius Network Inc., Celsius Network Limited, Celsius Networks Lending LLC, Celsius US Holding LLC, Celsius Lending LLC, and Celsius US LLC. Prior to co-founding Celsius, I served as Chief Executive Officer of Novatel from 2014 to 2015. Prior to my time at Novatel, I founded Q-Wireless, which later became a part of Transit Wireless, and GroundLink, a service to book an on-demand limousine and car services from a computer or smartphone, in 2004.

18. In 1995, I founded Arbinet Corporation, which focused on international voice and IP solutions, and was the Chief Executive Officer from 1995 to 2000, and a member of the board until 2010. I have worked in the technology industry for over 30 years and have applied for more than 50 different patents.

19. I am generally familiar with the Debtors' day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts in this Declaration are based upon my personal knowledge, my discussions with other members of Celsius' management team and advisors, my review of relevant documents and information concerning Celsius' operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. I am over the age of 18 and authorized to submit this declaration on behalf of the Debtors. If called upon to testify, I could and would testify competently to the facts set forth in this declaration.

20. On July 13, 2022 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), with the United States Bankruptcy Court for the Southern District of New York (the "Court"). To minimize the adverse effects on their business, the Debtors have filed motions and pleadings seeking various types of

"first day" relief (collectively, the "First Day Motions").[9] I submit this declaration (this "Declaration") to assist the Court and parties in interest in understanding the circumstances compelling the commencement of these chapter 11 cases.

21. To familiarize the Court with the Debtors, their business, the circumstances leading up to these chapter 11 cases, I have organized this Declaration into four sections as follows:

- **Part I** provides a general overview of the cryptocurrency market;
- **Part II** provides an overview of the Company's history and business operations;
- **Part III** describes the Company's prepetition corporate and capital structure; and
- **Part IV** provides an overview of circumstances leading to these chapter 11 cases.

I. Overview of Cryptocurrency

22. The cryptocurrency industry is in its nascent stages, and many of the technologies, terminologies, and platforms discussed in this Declaration may be unfamiliar to some readers. This section provides an overview of some of the key components of the cryptocurrency ecosystem that are discussed throughout this Declaration.

A. Cryptocurrency and the Blockchain

23. Cryptocurrency is a digital currency designed to serve as a medium of exchange or store of value that is not necessarily tied to any government or physical asset. Cryptocurrency is used to execute transactions on a "blockchain," a digital technology that vets and verifies transactions through a fully decentralized, community-driven, rigorous mathematical process. Each blockchain instantiates, or represents, a specific cryptocurrency or a limited number of cryptocurrencies to execute transactions (for example, the Ethereum blockchain uses Ether as its

[9] The *Declaration of Robert Campagna, Managing Director of Alvarez & Marsal North America, LLC, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 22] was filed in support of the First Day Motions.

primary cryptocurrency). The blockchain is often called a digital "ledger" because it records every single transaction of the "native" cryptocurrency ever made.

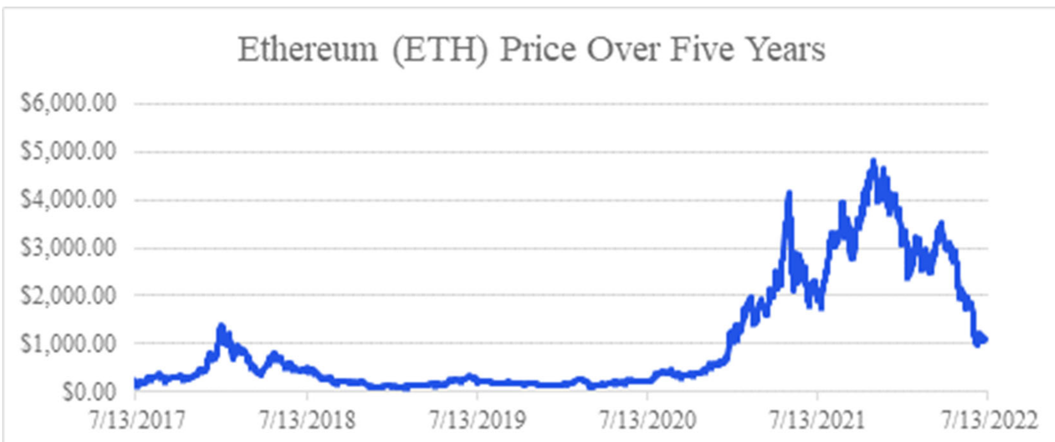
24. Cryptocurrencies are decentralized (they are not issued or created by a government or central institution). Transactions are mostly anonymized, but each transaction is recorded by the blockchain and viewable by any individual. Instead of needing to consult a third party (like a bank or title company) to verify that a transaction took place, an individual could consult the blockchain for free.

B. Cryptocurrency Overview

25. There are thousands of cryptocurrencies and blockchain protocols, certain of which offer specific advantages or use cases. Of the cryptocurrencies in existence, two have emerged as leaders in the industry.

26. ***Bitcoin***. Bitcoin or "BTC," created in 2008, was the most successful early cryptocurrency. The core focus of Bitcoin and the Bitcoin blockchain was developing a decentralized payment and settlement network. Originally created as a medium of exchange, Bitcoin is now considered by many to be a "store of value." It is the "original" cryptocurrency and the market capitalization of Bitcoin as of the date hereof is approximately $385 billion.

27. ***Ethereum***. Ether is the native token of the Ethereum blockchain. It was created in 2015, and is generally referred to as both Ether and "Ethereum." Ether or "ETH" is similar to Bitcoin in that it can be used to make payments or used as a store of value or collateral. The Ethereum blockchain enables the creation of new digital assets (often called "tokens") and the use of "smart contracts." Smart contracts are simple programs that can be used on a blockchain to facilitate trustless, payment non-payment related transactions (as further explained herein). The market capitalization of Ether as of the date hereof is approximately $135 billion.



Other popular cryptocurrencies include Cardano, Polkadot, and XRP. All provide the same general utility of Bitcoin or Ethereum, but each uses different blockchain technologies and provides certain unique benefits to participants.

28. Stablecoins are an important subset of cryptocurrencies that are best understood in light of their unique characteristics. A stablecoin is a type of cryptocurrency designed to be tied (or "pegged") to another currency, commodity, or financial instrument. USD Coin (or "USDC") is one of the largest stablecoins by market capitalization, and is pegged 1:1 with the U.S. Dollar. USDC is collateralized by a pool of U.S. dollars, or other cash equivalent, to ensure that it maintains its price stability—for every USDC in circulation, $1 is held as collateral. Each USDC is redeemable for $1 by Circle (the issuer of USDC).

29. All cryptocurrency is stored, or "lives," on its native blockchain and can only be accessed/controlled using a private cryptographic "key" held by the cryptocurrency's owner. Private keys are held in cryptocurrency "wallets" designed to allow the owner to easily, and securely, manage the keys to their cryptocurrency assets and safely conduct cryptocurrency transactions.

C. "Mining" and "Staking"

30. Crypto "mining" and "staking" are two different types of "consensus mechanisms" used to verify cryptocurrency blockchain transactions and to "mint" new units of certain cryptocurrencies. In both mining and staking, the parties that correctly verify the transaction are rewarded with newly created in-kind cryptocurrency.

31. ***Mining***. In simple terms, mining is the process by which new blockchain transactions are verified and new cryptocurrency assets enter the market. "Mining" is performed by using sophisticated hardware to solve complex mathematical problems. The mathematical and computational effort is described as "proof of work" ("<u>PoW</u>") and serves as a type of "auditing" process to avoid any "double spending" or otherwise fraudulent transactions on the blockchain. PoW requires a significant amount of computer processing work and energy to solve the "mathematical puzzle" posed by the network, but the effort that goes into this solution prevents bad actors from taking over the network. The first computer to solve the problem is "paid" Bitcoin rewards for confirming the next block and the process restarts.

32. ***Staking***. In comparison to mining, staking does not require the solving of problems. Rather, staking is a way to earn passive interest on cryptocurrency by "staking" cryptocurrency on the blockchain for a fixed period of time during which such crypto cannot be withdrawn (*i.e.* the crypto assets are illiquid). In certain forms of staking, cryptocurrency is not locked and can be withdrawn at any given time. The deposited crypto assets are then used to verify

transactions on the blockchain through a "proof of stake" ("PoS") protocol. Any "staked" cryptocurrency used in successfully verifying a transaction and creating a new block is rewarded. PoS uses significantly less computer power and energy than PoW.

33. Ethereum, the second largest cryptocurrency, is undergoing a major upgrade that will transition it from PoW to PoS. This transition, dubbed the "Merge" (as further explained herein), has been delayed several times due to its immense complexity. My understanding is that the Merge is expected, but not guaranteed, to take place in late 2022 or early 2023.

D. Decentralized Finance

34. Often associated with cryptocurrency because of its use of blockchain technology, decentralized finance ("DeFi") is an emerging system of financial products made available to the public. DeFi is an umbrella term that refers to an ecosystem of "peer-to-peer" financial services. Similar to cryptocurrencies, DeFi, which was created in 2017 and became popular in 2020, eliminates the typical intermediaries in borrowing and lending, such as banks, by using peer-to-peer financial networks that use protocols, connectivity, software, and hardware advancements. The transactions are recorded and verified on the blockchain. DeFi loans are often overcollateralized with borrowers depositing more collateral than their loan is worth.

35. DeFi transactions are designed to use cryptocurrency and to be executed through "smart contracts." Smart contracts are largely self-executing contracts expressed as a piece of code on the blockchain and are designed to carry out a set of instructions without human involvement. In many circumstances, smart contracts are immutable and cannot be changed or upgraded once launched. DeFi can be thought of as a sort of financial "building block." This is because various decentralized finance applications (dApps) and protocols can be interconnected and used in tandem to create advanced financial tools. This enables users to benefit from multiple revenue streams while earning multiple token rewards.

II. Celsius' History and Operations

A. The Company's Corporate History

36. From its start in 2018 through spring 2022, Celsius grew rapidly—in just four years, Celsius' platform evolved from an idea on a coffee shop napkin to a platform with approximately 1.7 million registered users and several billions of dollars in retail and institutional loans processed.

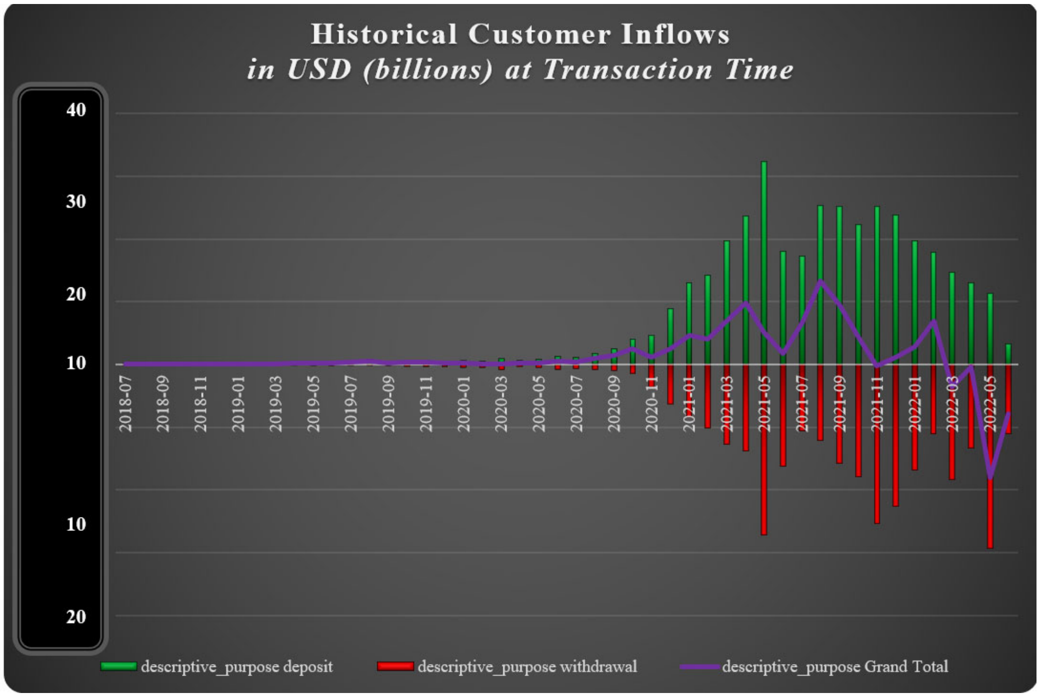
37. ***2018***. In March 2018, Celsius launched its own cryptocurrency, CEL Tokens ("CEL"), for use on its platform and raised capital through an initial coin offering. A few months later, in June 2018, Celsius launched version 1.0 of its mobile app. By August 2018, users had received their first rewards on the app. At the end of 2018, Celsius exceeded $50 million in digital assets.

38. ***2019***. By the spring of 2019, Celsius had launched version 3.0 of its mobile app with a new, more user-friendly interface and had exceeded $200 million in digital assets and $1.2 billion in coin loan origination. As 2019 came to an end, Celsius' platform was available in over 100 countries.

39. ***2020***. Despite the COVID-19 pandemic, Celsius managed to continue its growth in 2020. In a new round of funding at the end of 2020, Celsius was made available to many individual investors through the platform BNK to the Future.

40. ***2021***. By March 2021, Celsius had surpassed $10 billion in digital assets and 200 employees. In May, Celsius launched its new website app, which made its platform available on any device, not just through a mobile device. In December 2021, Celsius announced the first closing of its Series B equity funding for $600 million at an implied enterprise value of approximately $3 billion.

41. During this period of extensive growth, the inflow of digital assets onto Celsius' platform outpaced withdrawals.



B. The Company's Operations

42. Celsius' primary operations consist of: (a) financial services through which retail and institutional users can (i) earn rewards on cryptocurrency they transferred to Celsius, (ii) securely store and access cryptocurrency, (iii) borrow fiat using cryptocurrency as collateral, and (iv) send and receive cryptocurrency using Celsius' CelPay services; and (b) Bitcoin mining through Mining.

a. Financial Services

43. One of the Company's main goals from the beginning was to provide a way for its users to earn rewards on their digital assets by transferring their assets to Celsius. In March 2022, on average, Celsius paid approximately 5 percent APY in rewards on assets to users.

44. Celsius offers both institutional and retail users in certain jurisdictions a wide variety of services that are typically only available through traditional financial providers, such as banks.

i. Buy Services

45. ***Buy***. Through its mobile app, the Company provided users with the ability to purchase cryptocurrency with fiat currency utilizing the services of select third party providers to conduct the transactions. It provided users with an easy avenue to buy Bitcoin, Ether, and other digital assets using credit cards or bank account information. On or around the Pause Date, Celsius suspended its "buy services" program.

46. ***Swap***. In addition to offering consumers the ability to purchase cryptocurrencies on its platform, Celsius offered users the ability to "swap" ("trade" or "convert") eligible cryptocurrencies for another type of eligible cryptocurrency without paying a fee (the "Swap Service"). This allowed users to efficiently and inexpensively exchange crypto assets as the market changed with complete transparency. On the Pause Date, Celsius stopped offering its Swap Service.

ii. Earn Services

47. ***Earn***. Through the Company's "Earn" program, users who transfer certain cryptocurrencies to Celsius earn "rewards" in the form of payment in-kind interest ("PIK Interest") or CEL Tokens on their assets. Users can earn *up to* 17 percent annual percentage yield ("APY") on certain digital assets and such rates are published by the Company on a weekly basis on the Celsius App (as defined herein). On average, users earn a 4.5–5 percent APY on assets transferred to Celsius under the Earn program. In the Earn program, users transfer their digital assets onto the Celsius platform and all rights and title to such digital assets are transferred to Celsius. Celsius is then permitted to use the assets in its sole discretion, including rehypothecating those assets (*e.g.*, using those assets as collateral to take out additional loans) to generate a yield for Celsius. Celsius then pays rewards to users based on the rates published in advance, and regardless of the yield generated by Celsius.

48. The amount of interest a user receives depends on the type and amount of digital asset transferred to the Company's platform and the rates the Company sets for each digital asset, with additional rewards available for users that elect to receive rewards in CEL Tokens.

49. As of April 2022, the Earn program is only offered to international-based users and U.S. accredited users. U.S. non-accredited users who had a balance in their Earn account prior to April 15, 2022, are allowed to keep such balances in the Earn program and have continued to earn rewards thereon. As of the Petition Date, there were over 600,000 Earn users, who had transferred approximately 2 billion in digital assets, in the aggregate, with a market value of approximately $4.2 billion as of July 10, 2022, to Celsius. As of the Petition Date, Celsius no longer offers rewards on digital assets transferred to Celsius through the Earn program.

50. ***CEL Tokens and CEL Loyalty Program***. CEL Tokens are primarily issued in connection with the Company's loyalty and rewards program (the "CEL Loyalty Program"). Users may elect to receive interest or rewards in the form of CEL in exchange for a higher reward rate. Ownership of CEL entitles users to tiered benefits on the Celsius platform.

51. The CEL Loyalty Program is similar to retail or airline loyalty programs, where loyal users are rewarded for continued use of the CEL Token in their Celsius portfolio. Active users on the Celsius platform can earn a variety of rewards and incentives, including lower borrower fees and higher rewards. Members of the CEL Loyalty Program may also receive priority access to future products.

52. On July 12, 2022, the CEL price was approximately $0.71 USD with a market cap of approximately $170.3 million USD.

iii. Borrowing Services

53. ***Borrow***. Celsius also provides borrowing services to institutional and retail parties. Similar to the Earn program, Celsius holds title to digital assets transferred by borrowers as collateral and is permitted to rehypothecate such collateral.

54. ***Borrow—Retail Lending***. The Company's retail lending is generally conducted through Celsius Lending LLC ("Lending"). Borrowers in certain domestic states and foreign jurisdictions in which Lending operates are able to choose from different loan products based upon loan to value ("LTV") ratios of posted collateral ranging from 25%, 33%, 50%, and 70%, with applicable interest rates being higher for higher LTV loans. Similar to Earn, title to any digital assets posted with Lending for retail loans is transferred to Celsius and Celsius is entitled to rehypothecate such assets. With market fluctuations, Lending is permitted to (a) issue margin calls requiring borrowers to lower the LTV by adding collateral or repaying the loan and/or (b) liquidate collateral when certain LTV ratios are met, close the loans, and credit borrowers for any excess collateral (after liquidation fees and interest owed). The retail loans range widely in principal amount, including certain loans as small as $100 and as large as $14 million. Retail loans are only granted in fiat or stablecoins.

55. As of July 13, 2022, Lending had approximately 23,000 outstanding loans to retail borrowers in the aggregate amount of approximately $411 million backed by collateral with a market value of approximately $765.5 million in digital assets.

56. ***Borrow—Institutional Lending***. Through Celsius Network Limited ("CNL"), the Company engages in bespoke lending and borrowing relationships with institutional clients, such as hedge funds and market-makers, which helps Celsius generate revenue. Unlike retail lending, the terms and conditions of institutional loans are based on master loan agreements ("MLAs") and term sheets that set forth the detailed terms of any specific transaction. Transactions are arranged

on an "over the counter" or "OTC" basis, and vary based on market conditions, internal deployment capabilities and needs, and risk policies. Depending on the creditworthiness of the counterparty, the Company may provide institutional borrowers with either secured or unsecured loans. Institutional loans are typically in the form of cryptocurrency coins, but can sometimes be loans of U.S. dollars or stablecoins.

57. As of July 11, 2022, CNL had approximately 47 institutional borrowers, with approximately $93 million of aggregate outstanding performing loans and the Company held collateral, with a market value of approximately $98.5 million in digital assets to cover such loans.

iv. Custody Service

58. In April 2022, the Company began providing a new type of service marketed to its users located in the U.S. called the Celsius Custody Service. For eligible users, "Custody Service" serves as the central hub of their digital asset account at Celsius, enabling the user to navigate from Celsius' "Custody Wallet" to various Celsius products (based on the availability of those products in the user's jurisdiction). For example, an eligible customer could elect to transfer their cryptocurrency from the "Custody Service" program to the Earn program to earn rewards. For clarity, crypto assets held solely in "Custody Service" do not earn rewards from the Earn program as crypto assets held in custody shall "at all times remain with the [user]" and "Celsius will not transfer, sell, loan or otherwise rehypothecate" digital assets in custody unless "specifically instructed by [users], except as required by valid court order, competent regulatory agency, government agency or applicable law."[10] Pursuant to the "Terms of Use," the Company is, however, entitled to set-off any obligations owed by a user to the Company against the user's

[10] *See* paragraph 4.B., Celsius' "Terms of Use," as of April 14, 2022.

assets held in custody.[11] Because all user assets are comingled, custody users are not entitled to the return of their specific digital assets, but rather the return of the same type of digital asset.

59. As of the Petition Date, approximately 58,000 users were utilizing the Custody Service, with digital assets worth a market value of approximately $180 million, as of July 10, 2022, held by Celsius.

v. Using Celsius' Platform

60. Users access the Company's entire suite of services through Celsius' web or mobile application (collectively, the "Celsius App"). Users sign up for a Celsius account ("Celsius Account") on the Celsius App and must digitally execute Celsius' user agreement and "Terms of Use," before being permitted to use the platform to facilitate the purchase or transfer of cryptocurrency. Once cryptocurrency is transferred to Celsius, except assets transferred pursuant to Custody Service, Celsius has title to the asset and the complete authority to use the asset as it sees fit.

61. Celsius Accounts are not bank accounts, deposit accounts, savings accounts, checking accounts, or any other types of asset accounts. Rather, Celsius Accounts are designated user accounts on the Celsius App that (a) grant users access to Celsius' platform and to use its services, (b) show the balance of users' digital assets held in either the "Custody Service" or transferred to Celsius for use in the Earn program, (c) show users' gained rewards, and (d) permits users to manage their personal information and profile.

62. One feature that Celsius offers its users is CelPay, which is a "fee free" feature on the Celsius App that allows Celsius users to assign their rights with Celsius in connection with

[11] *See* paragraph 9, Celsius' "Terms of Use," as of April 14, 2022.

select cryptocurrencies to other users. The transfer of digital assets using CelPay is not recorded on the blockchain, but rather on Celsius' own database.

63. It is important to understand that users transfer their digital assets from external "wallets" to the Celsius platform by recording such transactions on the blockchain. These transfers are entirely user driven with no ability for Celsius to "approve" or "deny" a transfer to its platform. This is a feature of the underlying blockchain infrastructure and cannot be technically changed or otherwise prevented. Though the Company removed certain features from the Celsius App, some users have continued to transfer their digital assets onto Celsius' platform and may continue to do so after the Petition Date, including for the purposes of posting additional digital assets to meet margin calls. Thus, despite the Pause and the Company's removal of certain features from the Celsius App, some users have continued to transfer their digital assets onto Celsius' platform and may continue to do so after the Petition Date.

64. Importantly, however, shortly after the Pause Date, on June 18, 2022, Celsius made the necessary changes to the Celsius App to prevent any new users from generating a deposit address and thus being able to deposit cryptocurrency on the Celsius platform.[12] Moreover, as of the Petition Date, new users are prevented from even registering for a Celsius Account.

b. Celsius Mining LLC

65. In addition to its financial and trading operations, the Company, through Mining, operates one of the largest crypto mining enterprises in the United States.

66. To expand Mining's operations, and thus generate a greater yield, effective as of November 1, 2020, and through 2021, CNL entered into an intercompany revolver facility with Mining for up to $750 million. The loan is a long-term investment in Mining that is expected to

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12 Between the Pause Date and June 18, 2022, approximately 36 new users created a Celsius Account and transferred assets to Celsius' platform, with total new transfers equaling approximately $10,000.

generate significant yield for the Company. As explained in Part I of this Declaration, mining is the process by which new Bitcoin is minted. The Company believes that Mining's operations will, over time, generate sufficient assets to repay its loan to CNL and generate Bitcoin that will provide revenue for the Company in the future.

67. Currently Mining owns 80,850 rigs with 43,632 in operation, and prior to the Petition Date, had an investment plan to operate approximately 120,000 rigs by end of 2022. Mining is currently generating approximately 14.2 Bitcoins per day for the past seven days and generated a total of 3,114 Bitcoin during 2021. For 2022, it is projecting to generate 10,118 Bitcoin. For 2023, assuming at least 110,000 rigs will be online, Mining is projecting to generate approximately 15,000 Bitcoin.

68. As of May 31, 2022, the outstanding loan balance owed to CNL is approximately, $576 million.

C. Other Deployment Activities

69. ***DeFi and Lending Protocols***. In addition to its lending services and revenue generated by Mining, Celsius engages in other asset deployment activities to generate a sufficient yield for Celsius. One of the ways Celsius did this was by deploying digital assets into automated market maker or lending protocols, for a fee. In addition, Celsius borrowed U.S. dollars as stablecoins from DeFi protocols collateralized by digital assets. These DeFi loans are governed by "smart contracts" that are self-executing on the blockchain and are typically overcollateralized.

70. Thus, if the value of posted digital collateral securing the Company's borrowings falls below a certain threshold (and the LTV ratio of the loan passes a certain set percentage), the DeFi protocol will automatically liquidate the collateral and close out the loan. In declining markets, such automatic liquidation may result in significant deterioration of the value of the

Debtors' posted collateral as liquidations are typically done at a discount to the market value of the collateral.

71. Prior to the Petition Date, on June 27, 2022, the Company had approximately $648 million in DeFi borrows collateralized by approximately $1.61 billion in digital assets based on a market valuation of June 27, 2022. These DeFi loans were held on four different DeFi protocols: (i) Maker (MKR) ($225 million loan collateralized by $499 million in digital assets); (ii) AAVE ($263 million loan collateralized by $708 million in digital assets); (iii) Compound ($157 million loan collateralized by $409 million in digital assets); and (iv) Notional Finance ($3.2 million loan collateralized by $6.6 million in digital assets). As of the Petition Date, substantially all of these DeFi loans were repaid by the Company and the collateral was returned.

72. On a separate cryptocurrency exchange, FTX, the Company had an additional $108 million loan collateralized by $403 million in digital assets.

73. The amounts of the DeFi loans and exchange loans varied leading up to the Petition Date, but given the risks associated with asset deployment and the current volatility of the cryptocurrency market, the Company worked to "unwind" its open loans and cease its asset deployment activities until further notice prior to commencing these chapter 11 cases. As of the Petition Date, the Company has unwound nearly all of its DeFi loans and the FTX loan, with only one loan remaining in an amount of approximately $3.2 million collateralized by $6.6 million in digital assets.

74. ***Staking***. To further generate yield, the Company also engages in "staking." Utilizing the Lido Finance DeFi protocol, Celsius "staked" its digital assets in ETH on the Ethereum 2.0 Beacon Chain—a network that is supposed to be merged with the main Ethereum network that will transition the blockchains from PoW to PoS (the "Merge"). In exchange for

staking its ETH on the Beacon Chain, Lido Finance provided Celsius with staked ETH ("stETH"). The stETH that Celsius received can then be lent, staked, and traded for other tokens.

75. StETH is currently generating a 5 percent APY, however, stETH is not redeemable via Lido Finance into ETH until after the Merge occurs. The Beacon Chain was created on December 1, 2020, and since that date, the Merge has been delayed a number of times. In 2021, Ethereum targeted June 2022 for the Merge date, but in April 2022 it was announced that the Merge was delayed, with reports now targeting August 2022 as the potential Merge date.

76. At the time that Celsius staked its ETH, stETH was essentially "pegged" at a 1:1 value to ETH. As other cryptocurrencies fell, stETH lost its peg to heavily-fluctuating ETH.

77. As of July 10, 2022, the Company holds 410,421 stETH, and as a result, approximately $467 million of the Company's ETH, based on the market value of ETH as of July 10, 2022, is illiquid but is earning an approximate 5 percent APY pending the Merge.

D. Exchange Deployments

78. In addition to DeFi protocols and staking, Celsius engaged in five different types of exchange deployments that were overall intended to be market neutral: (i) Cash and Carry; (ii) Market Making; (iii) Swing Trading; (iv) Funding; and (v) Spot Trading.

79. ***Cash and Carry***. This strategy involved Celsius trading and leveraging demand in the futures markets to benefit from the funding costs that long futures holders were willing to pay short holders. To achieve this without market exposure, a typical trade would start with a stablecoin and would include buying digital assets in the spot market and shorting them in the futures market.

80. ***Market Making***. For this strategy, Celsius held both long and short futures positions (ensuring market neutrality) in a manner that allows Celsius to benefit from inefficiencies in the futures market.

81. ***Swing Trading***. Similar to Market Making, this strategy involved Celsius holding both long and short futures positions, but with an imbalance between the amount of long and short options Celsius held. This allowed Celsius to benefit from its experience being an active participant in the futures market. Since this trading activity was not market neutral, Celsius had set narrow risk limits on such activity which were also accompanied by strict stop-loss mechanisms.

82. ***Funding***. This is an activity in which Celsius used the funding markets that exist in several exchanges, allowing users of such exchanges to borrow different digital assets from Celsius' account on such exchange, to be used for trading on the same exchange, paying Celsius a financing fee.

83. ***Spot Trading***. For this strategy, Celsius kept a portion of the assets on exchanges to be ready for immediate spot transactions between one digital asset and another, where this was needed to balance its assets versus liabilities, to prevent cross-currency exposure. This was a hedging strategy rather than an income-generating activity.

84. As of the Petition Date, Celsius maintains limited exchange deployments in certain futures, but does not intend to engage in any exchange deployments in the near term.

E. GK8

85. In 2021, the Company acquired GK8, which is designed to provide a secure institutional digital assets self-custody technology platform to institutional clients. GK8's patented technology utilizes the industry's "Cold Vault," which can create, sign, and send blockchain transactions without connecting to the internet. Moreover, this patented technology is paired with proprietary multi-party computation ("MPC")[13] to achieve "cold" security with "hot"

[13] Multi-Party Computation (MPC) is a cryptographic tool that permits multiple parties to make calculations using the parties' combined data where no individual party can see any other party's data or individual input.

functionality.[14] The Company intended to use the acquisition of GK8 to enhance the Company's ability to provide consumers with custody services by April 2022.

86. While Celsius has not been able to integrate GK8's operations post-acquisition given Celsius' focus on its own liquidity position, GK8 is a valuable asset in light of an industry-wide migration to self-custody post the "cryptopocalyse." The Company is exploring both a marketing and sale process of the GK8 business and a complete integration and utilization of the GK8 business into Celsius' own platform.

III. Celsius' Prepetition Corporate and Capital Structure.

87. As set forth on the corporate structure chart attached as **Exhibit A**, Debtor entity Celsius Network Inc. currently directly owns 100 percent of the equity in Debtor Celsius Networks Lending LLC and directly owns approximately 60 percent of the Ordinary B Shares in CNL, which directly or indirectly owns each of the other Debtor and non-Debtor entities. The remaining 40 percent of the equity in CNL is in the form of Class A Preferred Shares, Class A1 Preferred Shares, Class B Preferred Shares, and Ordinary Shares which are owned by institutional investors, including WestCap Group LLC ("WestCap"), Caisse de dépôt et placement du Québec ("CDPQ"), one of Canada's largest pension funds, Tether International Ltd., and BNK to the Future, and certain individuals.

88. The common stock and stock options of Celsius Network Inc. are owned by the founders, Alex Mashinsky and Daniel Leon, as well as certain other employees as part of an employee stock option plan.

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[14] With respect to cryptocurrencies, a "hot" wallet is one that is always connected to the internet and cryptocurrency network. Because of this, hot wallets tend to be more susceptible to hacks and theft. In comparison, a "cold" wallet is not connected to the internet, which makes it difficult for hackers to remotely steal the cryptocurrencies stored there.

89. The Debtors do not have any long-term or funded debt. As discussed above, the Debtors use DeFi loans to finance their operations, which are overcollateralized loans supported by the Company's digital assets and governed by smart contracts. As of the Petition Date, the Company has unwound nearly all of its DeFi loans and the FTX loan, with only one loan remaining in an amount of approximately $3.2 million collateralized by $6.6 million in digital assets. The majority of the Debtors' liabilities relate to user accounts. The Debtors have approximately 1.7 million registered users, including approximately 300,000 active users with account balances greater than $100.

90. As of the Petition Date, the Debtors have approximately $130 million in cash on hand.

IV. Circumstances Leading to These Chapter 11 Cases.

A. Rapid Growth, Business Losses Suffered, and Business Transition

91. Celsius is a young company in a novel and developing industry that experienced rapid growth and popularity in 2020 and 2021, resulting in growing pains along the way. During its growth, the Company suffered a series of losses that impacted its ability to match its assets and liabilities.

92. In particular, despite the Company's directive to engage in only market neutral exchange deployments, certain asset deployment decisions were made in the midst of its unexpected asset growth that in hindsight proved problematic. Although the Company took the necessary steps to "unwind" these deployments, unfortunately, the damage was done.

93. Celsius suffered other unanticipated losses to the business. For example, in June 2021, StakeHound, an Eth2 staking service provider, announced that it had misplaced the "keys" to over 38,000 Ethereum tokens, including 35,000 of the Company's Ether, due to an alleged error

by StakeHound's third-party crypto custody provider Fireblocks. StakeHound is currently engaged in legal proceedings with Fireblocks.

94. Moreover, to support its operations, from October 2019 to February 2021, due to the lack of institutional lending available to cryptocurrency companies, the Company took out collateralized term-loans from a private lending platform. In July 2021, when Celsius attempted to repay one of its loans, it was informed for the first time that the lender was unable to return the Company's collateral on a timely basis, resulting in Celsius having an approximately $509 million uncollateralized claim against this party after it setoff its own loan obligations to the lender. Since September 2021, the lender has made regular principal payments to the Company, and continues to make timely payments that are currently in excess of $5 million per month. The aggregate principal owed to the Company stands at approximately $439 million, consisting of $361 million in USD and 3,765 BTC, the latter worth approximately $78 million.

95. Prior to the market crash in 2022, the Company was evaluating its business model and working to implement certain changes, including reductions to expenses as well as reduced rewards rates and the introduction of certain fees and new products and services. In an attempt to right-size its balance sheet, the Company also had to borrow stablecoins to fund purchases of crypto to align the magnitude of crypto assets with crypto liabilities.

96. Despite these losses, the Company was learning from its problems in 2021 and in early 2022 was working to implement the correct internal infrastructure and processes to prevent these issues from happening in the future. In the first half of 2022, the Company was on track to introduce a more sustainable business model that moved away from the no-fee model and decreased the amount of rewards paid to users through the Earn program, among other necessary fundamental business changes. Thus, although the Company suffered unanticipated losses, it had

raised additional capital in 2021 and 2022, and was on a trajectory to match its assets and liabilities when accounting for liquidity considerations. The Company believes that it would have likely succeeded in the near future if the market had remained relatively stable.

B. Turbulent Market Conditions

97. In the midst of Celsius' expansion, the onset of the COVID-19 pandemic and fear of a lingering pandemic and its effect on the world economy drove many investors to exit the market altogether. Celsius, however, continued to market make and provide users with services through the entirety of the 2020 "COVID Crash." Users were able to continue using the Company's platform to earn rewards and take out loans despite extreme market volatility, and rewards were paid to qualifying users on time with no issues.

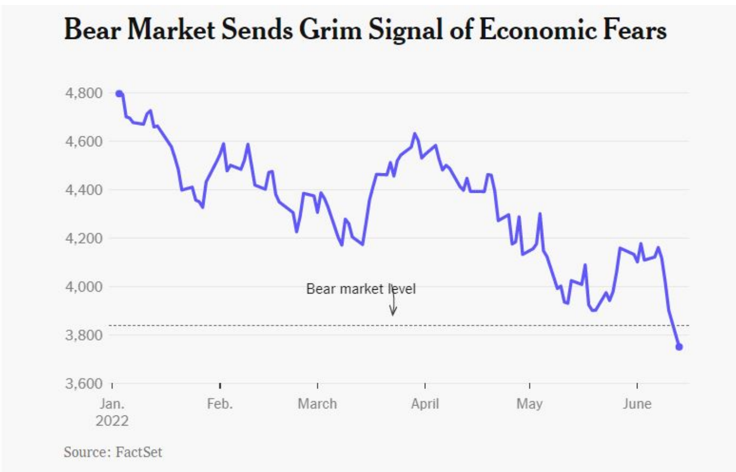
98. After the COVID Crash, both the traditional and cryptocurrency markets experienced a short recovery period followed by a period of sustained growth. Central banks and governments around the world (including, in particular, the United States Federal Reserve) enacted relief programs and adopted quantitative easing monetary policies designed to bridge the world economy to the end of the COVID-19 pandemic. Such policies contributed to growth in traditional markets and cryptocurrency markets, and investment into new cryptocurrency projects skyrocketed. Between its lowest point in 2020 and its highest point in 2021, the price of Bitcoin rose by over 1,000 percent. The S&P 500 rose by nearly 100 percent over the same period.

99. In traditional markets, fears of new variants of the COVID-19 virus and a potential economic contraction drove equity markets sideways through the end of 2021. Strong selloffs in "risk-on" assets like technology and early-stage equities led to selloffs in the cryptocurrency sector as investors trimmed exposure. Ultimately, traditional markets closed 2021 with double-digit growth. On the surface, it appeared like markets were beginning to recover from the COVID-19

pandemic and that its lingering effects would be minimal. But discussions around a possible recession in 2022 began to materialize as inflation rose, along with concerns over whether world governments could navigate a "soft landing" into a slower economic period in 2022.

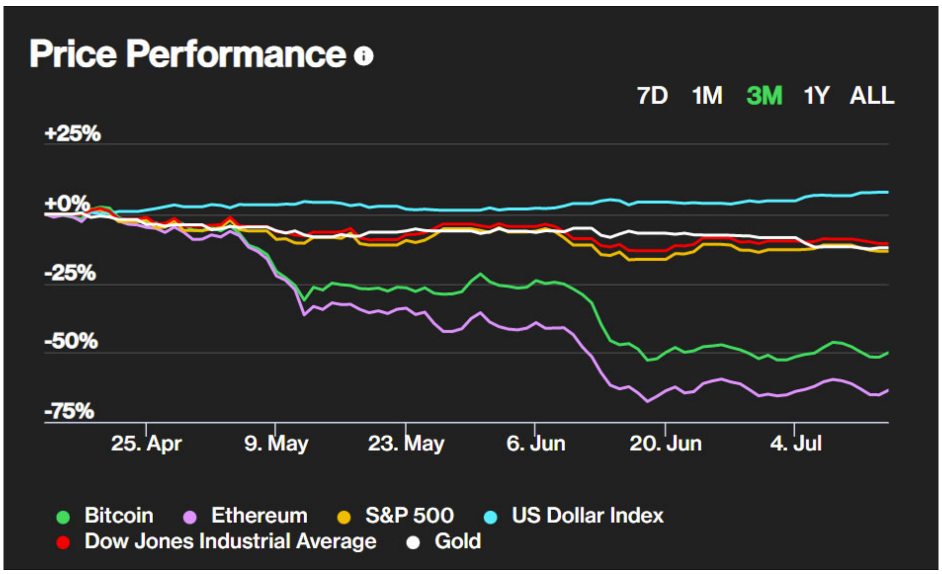
100. 2022, to date, has been marked by historic levels of volatility in the traditional markets and cryptocurrency markets. On February 24, 2022, Russia invaded Ukraine in a major escalation of conflict between the two countries (the "Ukrainian War"). The Ukrainian War had a swift and profound impact on the world economy. Western countries imposed a series of financial, trade, and travel sanctions against Russia in an effort to weaken Russia's ability to pursue the war, which led to a rampant increase in commodity prices.

101. In the last year, the Federal Reserve has increasingly raised the federal funds rate and instituted a quantitative tightening of approximately $95 billion per month starting in Q3 of 2022. These actions signaled a "risk off" to the markets resulting in the sharpest drop in Bitcoin value in its 13-year history. In the United States, the federal funds rate was recently increased by 75 basis points (from 0.75 percent to a range of 1.5 percent to 1.75 percent) in June 2022. Between January 2022 and May 2022, total wealth in the United States declined by $5 trillion. To date, the S&P 500 is down over 20 percent for 2022. In June 2022, market analysts officially labeled 2022 a "bear market."



C. The "Cryptopocalypse"

102. The widespread selloff in traditional markets was mirrored in the cryptocurrency industry. All major cryptocurrencies experienced significant declines in the first half of 2022; as of June 2022, the crypto market has lost $2 trillion of its peak $3 trillion market capitalization achieved in November 2021. By mid-June of 2022, 72 of the top 100 digital assets had dropped by over 90 percent from their all-time highs.



103. Several negative events in the crypto space, including the implosion of Terra LUNA ("Luna") and its TerraUSD (UST) stablecoin ("UST"), exacerbated this "cryptocurrency winter." The eventual implosion of Terra and the loss of over $50 billion in values of the Luna and UST coins over a three-day period created a domino effect, creating immediate issues for many market participants, including Three Arrows Capital, Babel Finance, Vauld, BlockFi, Genesis Trading, Blockchain.com, Nexo.io, Crypto.com, and Voyager Digital Holdings, Inc., among many others, leading to the eventual "cryptopocalypse." Many of these market participants had to halt operations, limit withdrawals, or take emergency bailout loans to survive.

a. The Terra Luna Collapse

104. Terra is an open-source blockchain protocol created by Terraform Labs that authorizes blockchain developers to make custom blockchains and dApps for a variety of uses. Similar to the Ethereum blockchain (which issues Ether for use on its platform), Terra issued its own native token, Luna, a cryptocurrency that was used to execute transactions on the Terra blockchain. In early April 2022, Luna traded at approximately $114 and had a market capitalization of approximately $41 billion. By mid-May, the market capitalization had dropped to approximately $500 million.

105. Terra also issued a stablecoin, UST, which historically traded at $1. As previously explained, stablecoins are usually pegged 1:1 with a tangible asset, such as gold or dollars. UST, however, was "pegged" to Luna using "algorithmic pegging." By virtue of a smart contract, Luna were used to "mint" new UST, which was supposed to maintain the UST price stable and Luna deflationary. Thus, regardless of the market conditions, $1 of UST could always be redeemed for $1 of Luna, and $1 of Luna could always be redeemed for $1 of UST.

106. For example, if UST was trading at $1.50, a trader holding Luna could "burn" the Luna worth $1.00 by converting it into UST, immediately sell its UST, and pocket the $0.50 difference (and vice versa). As more holders would do the same to realize a profit, more Luna would be "burned," making the remaining Luna supply more valuable until UST and Luna were back to a 1:1 ratio. This arbitrage trade was intended to keep the two tokens equally scarce and limit oversupply or undersupply of the two tokens. To incentivize traders to burn Luna to create UST, Terra allowed owners of UST to stake their UST in exchange for a 19.5 percent yield (payable in UST) on Terra's Anchor protocol.

107. On May 7, 2022, $2 billion of UST was reported as unstaked (taken out of the Anchor protocol) and immediately sold. As a result of such a massive sale, UST's price dropped

to $0.91. Traders moved quickly to burn Luna and "arbitrage" the price of UST, however, only $100 million of UST could be burned for Luna each day. Due to high trading volume, $100 million of UST was insufficient to "re-peg" UST to $1.

108. The Terra/Luna blockchain protocol was widely viewed as a project with significant promise—Luna had attracted significant interest from institutional investors and retail investors alike. The Luna collapse erased approximately $40 billion of value and contributed to further selloffs in the cryptocurrency sector. Many projects and funds which relied on UST as a stablecoin saw their treasury wiped out. Many others who took out loans to invest in UST are now faced with the reality that they cannot repay those loans.

109. Unlike many of these cryptocurrency platforms, Celsius was able to avoid losing a significant amount of its assets in the Luna collapse. Due to the Company's increased dedication to managing its assets in response to its missteps in 2020 and 2021, when Luna started to "de-peg," Celsius immediately withdrew all deployed UST and suffered only a relatively minor loss of $15.8 million on all activity related to Luna or UST.

b. The "Domino Effect"

110. The collapse of Luna had a significant effect on the cryptocurrency industry. Many cryptocurrency-focused hedge funds and other cryptocurrency companies held Luna and incurred losses on their position after they sold. Some participants were unable to sell their Luna under staking agreements or other lock-up agreements, which can require up to 22 days to unstake or return loans—such participants were forced to incur up to a 99 percent loss on their investment if they were prohibited from selling their Luna.

111. In early June 2022, it was reported that Three Arrows Capital ("3AC") may have incurred significant losses due to Luna's collapse. On June 15, one of 3AC's founders stated that the fund incurred significant losses on account of its staked Luna position and had hired legal and

financial advisors to explore potential liquidity solutions. On June 27, 2022, 3AC was ordered by a court in the British Virgin Islands to commence liquidation proceedings. The Company has a $40 million claim against 3AC, which is significantly less than the amount some other companies in the industry, such as Voyager, BlockFi and Blockchain.com, have against 3AC.

112. The collapse of 3AC directly impacted Celsius and other crypto companies such as Voyager Digital Holdings, Inc. ("Voyager"). Celsius had extended two loans totaling $75 million to 3AC. When 3AC failed to meet a margin call, Celsius liquidated the collateral that 3AC had pledged, and its claim against 3AC now totals $40.6 million.

113. As I understand from my review of the *Declaration of Stephen Ehrlich, Chief Executive Officer of the Debtors, in Support of Chapter 11 Petitions and First Day Motions* filed in the Voyager chapter 11 bankruptcy proceeding, in March 2022, Voyager entered into a master loan agreement with 3AC (the "3AC Loan").[15] Pursuant to the 3AC Loan, Voyager agreed to lend 3AC 15,250 Bitcoins and 350 million USDC; 3AC drew down on the entire 3AC Loan. After the Luna crash in 2022, Voyager initially requested partial repayment of the 3AC Loan, and subsequently requested full repayment by June 27, 2022. 3AC did not honor either repayment request. 3AC's nonpayment, among other things, resulted in Voyager filing its own chapter 11 case in the United States Bankruptcy Court for the Southern District of New York on July 5, 2022.

114. The Luna crash also triggered massive layoffs across the crypto industry. Smaller crypto firms have laid off hundreds of employees with larger firms laying off thousands of employees and instituting hiring freezes. For example, Coinbase alone laid off approximately 18 percent of its workforce (around 1,100 employees).

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15 *See In re Voyager Digital Holdings, Inc.*, No. 22-10943 (MEW) (Bankr. S.D.N.Y. July 5, 2022). The information in this paragraph is based on the public documents filed on the docket, in particular, Docket No. 15.

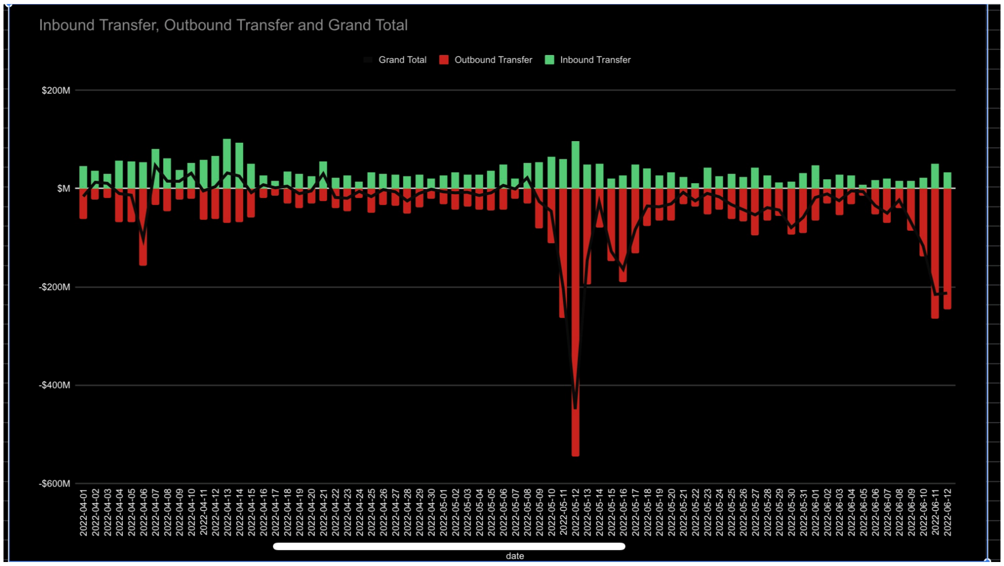
c. The "depegging" of Staked Ether

115. As a result of the Luna collapse, and the need for 3AC to quickly liquidate its other assets to repay its own institutional loans, stETH started to "depeg" from its 1:1 ratio with ETH. In mid-May, the stETH-ETH exchange ratio dropped slightly creating a 2–3 percent gap in prices. The gap widened in June to 5–6 percent, which was reportedly created in part by one of the largest stETH holders, Alameda Capital, selling off massive amounts of stETH for itself and for other market participants like 3AC and Celsius.

116. After the Luna and UST losses, continued market downturn, and the widening "depegging" of stETH, many Celsius users sought to withdraw their ETH from Celsius' platform. To meet these demands, Celsius was forced to sell some of its own stETH, which further exacerbated market conditions.

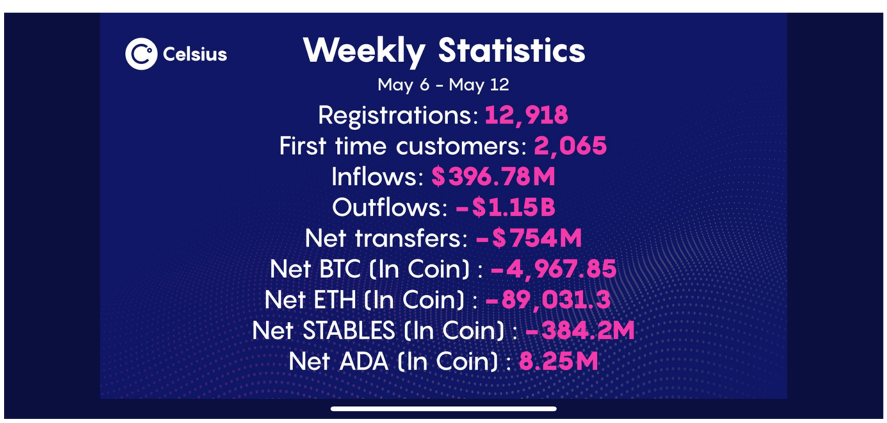
d. Misleading Media Coverage

117. As Celsius attempted to weather the "cryptopocalypse" storm, it began to receive increased negative media attention—a number of such stories were false and misleading. Immediately after the Luna collapse, social media spread misinformation regarding a commitment by Celsius and others to a possible Luna bailout, followed by statements that Celsius had lost hundreds of millions of dollars on Luna. These rumors made users wary of Celsius' platform and contributed to accelerated withdrawals of over $1 billion from the platform over five days in May 2022 at a time when distrust of cryptocurrency was at an all-time high.



118. In addition, in May 2022, Coinbase filed a 10-Q with a new risk disclosure warning that "in the event of bankruptcy" the crypto assets held by Coinbase "in custody on behalf of [its] customers could be subject to bankruptcy proceedings and such customers could be treated as [Coinbase] general unsecured creditors."[16] As new articles circulated around these disclosures, rumors spread that Celsius could also file for bankruptcy, which further generated user concerns and increased withdrawals.

119. Despite these and other continued rumors, Celsius continued to provide unlimited withdrawals and publish its weekly new users as well as inflows and outflows on the platform.



16 *See* Coinbase Global, Inc., Quarterly Report (Form 10-Q) (May 10, 2022).

D. The Effect of the "Cryptopocalypse" on the Company's Recovering Balance Sheet

120. At the time of the "cryptopocalypse," the Company was in a period of recalibration to address early missteps and the Company's path forward. With an improved go-forward business plan in place, the Company expected that, with sufficient time, it would level-set and stabilize its balance sheet.

121. Unfortunately, due to ever worsening market conditions, the spread of false information on social media, and the association of Celsius with the Luna and UST collapse, among other factors, the value of the CEL Token declined, resulting in a reduction of assets on Celsius' balance sheet.

122. Moreover, as discussed in Part II of this Declaration, as a part of its asset deployment business model, a number of Celsius' assets were tied up in illiquid investments, including stETH and the CNL loan to Mining, that were intended to generate profit over time. While under normal market conditions Celsius had enough liquidity to support 100 percent of customers withdrawals, with the ability to support up to 70 percent of those withdrawals over a seven day period, the combination of the decline in crypto prices and uptick of user withdrawals from Celsius' platform and the need to post additional collateral left Celsius struggling to deal with two competing demands on its liquid assets: Celsius could either process user withdrawals or transfer additional collateral to DeFi protocols to support its already existing loans and avoid liquidation of its collateral and subsequent additional losses.

123. In May and June 2022, Celsius made the difficult decision to forgo providing one of its lenders, Tether, issuer of USDT, a stablecoin, additional collateral and agreed to an orderly liquidation of its loan. During the market crash, Tether issued a margin call to Celsius with regard to an outstanding $841 million USDT loan. Although Celsius had always provided sufficient

collateral to support its loan, and had never previously been liquidated by Tether, the Company agreed to an orderly liquidation and settlement of its loan with Tether to preserve the remaining collateral in excess of the value of the loan. This resulted in a loss of approximately $97 million.

124. By mid-June, the amount of the Company's liquid assets and the dollar value of all remaining assets had decreased so significantly that Celsius lost the ability to continue borrowing stablecoins, and, thus lost the ability to maintain the magnitude of crypto assets necessary to match crypto liabilities. Moreover, because the Company earns yield in digital assets, but its expenses are mostly denominated in fiat currency, such a dramatic reduction in the dollar value of its crypto income created a further spread that hindered the Company's recovery plan.

125. As a result, Celsius believed the best course of action was to put a pause on withdrawals to slow down the "run on the bank."

E. The Pause

126. On June 12, 2022, the Pause Date, after more than 48 hours of hundreds of millions in net withdrawals per 24 hours, Celsius Network Limited had an emergency meeting of its board of directors (the "Board"). At that meeting, the Board unanimously determined that the best way to protect its users would be to pause withdrawals. This step was not taken lightly as the Board knew that the Pause would fuel speculation and damage the Company's reputation—at least in the short-term. But, the Board was unanimous in its decision that a pause would protect users by maximizing recoveries for all users, and later that night, the Company announced that it was pausing all account withdrawals and transfers due to extreme market conditions. As previously noted, the decision to Pause was intended to preserve all digital assets for distribution to customers on an equal basis and avoid irreparable damage to Celsius' business.

127. Shortly after the Pause Date, many other players in the cryptocurrency industry were forced to come to the same conclusion that Celsius had. Companies such as Crypto.com, CoinFlex, Babel Finance, Voyager, and Vauld instituted their own reduced limits and "pauses" on withdrawals and/or other restrictions. Celsius' decision is not unique, rather, it is a side effect of a turbulent cryptocurrency market that has affected companies industry-wide.

F. Governance Initiatives.

128. Celsius Network Limited formally formed a special committee (the "Special Committee") on or around June 19, 2022, currently comprised of disinterested directors Alan Carr and David Michael Barse, both appointed on or around June 30, 2022.[17] The Special Committee is vested with the authority to, among other things:

- review and evaluate the terms and conditions and various methods to effect any Possible Transaction and determine the advisability of any Possible Transaction or any proposals for any Possible Transaction[18] and various methods to effect any such Possible Transaction or proposals therefor;

- negotiate the consideration, structure, form, terms and conditions of any Possible Transaction or any proposals for any Possible Transaction and the form, terms and conditions of any definitive agreements in connection therewith and review and comment upon any and all documents and other instruments used in connection with any Possible Transaction, including any and all materials to be filed with governmental and non-governmental persons and entities;

- determine (a) whether a Possible Transaction negotiated by the Special Committee is in the best interests of CNL and (b) whether the Board of CNL should recommend such Possible Transaction to CNL's stockholders if the consent of the CNL's stockholders is required in connection therewith;

- approve a Possible Transaction and the execution and delivery of documents necessary or advisable in connection with a Possible Transaction;

[17] There was a prior special committee appointed that was replaced around the same time the Company replaced its restructuring counsel.

[18] "Possible Transaction" means one or more alternative debt or equity financings, or a sale, merger, consolidation, restructuring, reorganization, recapitalization, liquidation or other transaction or related financing or refinancing involving the Company and/or one or more of its subsidiaries, whether by filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code or otherwise.

- direct the officers, employees, legal counsel, financial and other advisors, consultants, agents and representatives of CNL to take such actions or refrain from taking such actions relating to any Possible Transaction as the Special Committee may direct from time to time;
- take all action of the Board of CNL with respect to certain issues and items necessary to commence a chapter 11 case; and
- exercise any other power or authority that may be otherwise exercised by the Board of CNL and that the Special Committee may determine is necessary or advisable in order to fulfill its duties and responsibilities in connection with the evaluation of any Possible Transaction and the execution of any Possible Transaction.

G. KeyFi Litigation

129. On July 7, 2022, KeyFi, Inc. ("KeyFi") filed a complaint in the Supreme Court of the State of New York, County of New York against CNL and Celsius KeyFi LLC (the "KeyFi Complaint") alleging five different causes of action asserting breach of contract, negligent misrepresentation, and fraud claims and demanding an accounting. The KeyFi Complaint was filed in response to an ongoing dispute with KeyFi and its chief executive officer and is one example of the way in which others are attempting to generate distrust among the Company's users and the general public.

130. The Company strongly disagrees with the allegations raised in the KeyFi Complaint and intends to vigorously defend itself.

H. These Chapter 11 Cases and Next Steps

131. These chapter 11 cases provide the Debtors and the Company as a whole with the best opportunity to stabilize its business, consummate a comprehensive restructuring transaction that maximizes value for all stakeholders, and emerge from chapter 11 positioned for success in the cryptocurrency industry. To date, the Company has taken significant strides to preserve assets by stopping its traditional asset deployment strategies. As a result, on the Petition Date, the

Company now holds approximately $4.31 billion in assets with only $780 million in non-user liabilities.

132. To bridge this gap in its balance sheet, the Company plans to engage with all constituencies, including the official committee of unsecured creditors (which will likely include mostly users), in a productive dialogue with the hope of building consensus around the Debtors' potential chapter 11 plan of reorganization and, ultimately, a transaction that will maximize the value of the Company's business for the benefit of the Company's creditors. One way the Debtors intend to achieve this goal is by using the Bitcoin "minted" by Mining to address its current cryptocurrency deficit.

133. The Debtors are aiming to file a plan that will provide users with choices and enable Celsius to return to normal operations. To fund plan recoveries, the Company may sell one or more of its assets and/or consider an investment from third-party strategic or financial investors in exchange for equity in a "reorganized" Celsius.

134. Celsius' goal since its inception has been to take care of its global community. That promise remains true now, and with the support of its community, the Debtors intend to actively engage with its community members to develop a viable exit from chapter 11 that will result in maximum recoveries to its stakeholders.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: July 14, 2022

/s/ *Alex Mashinsky*
Name: Alex Mashinsky
Title: Chief Executive Officer
Celsius Network LLC

Exhibit A

Corporate Organizational Structure

(*See attached*)

Celsius Organizational Structure

Filing Entity Analysis

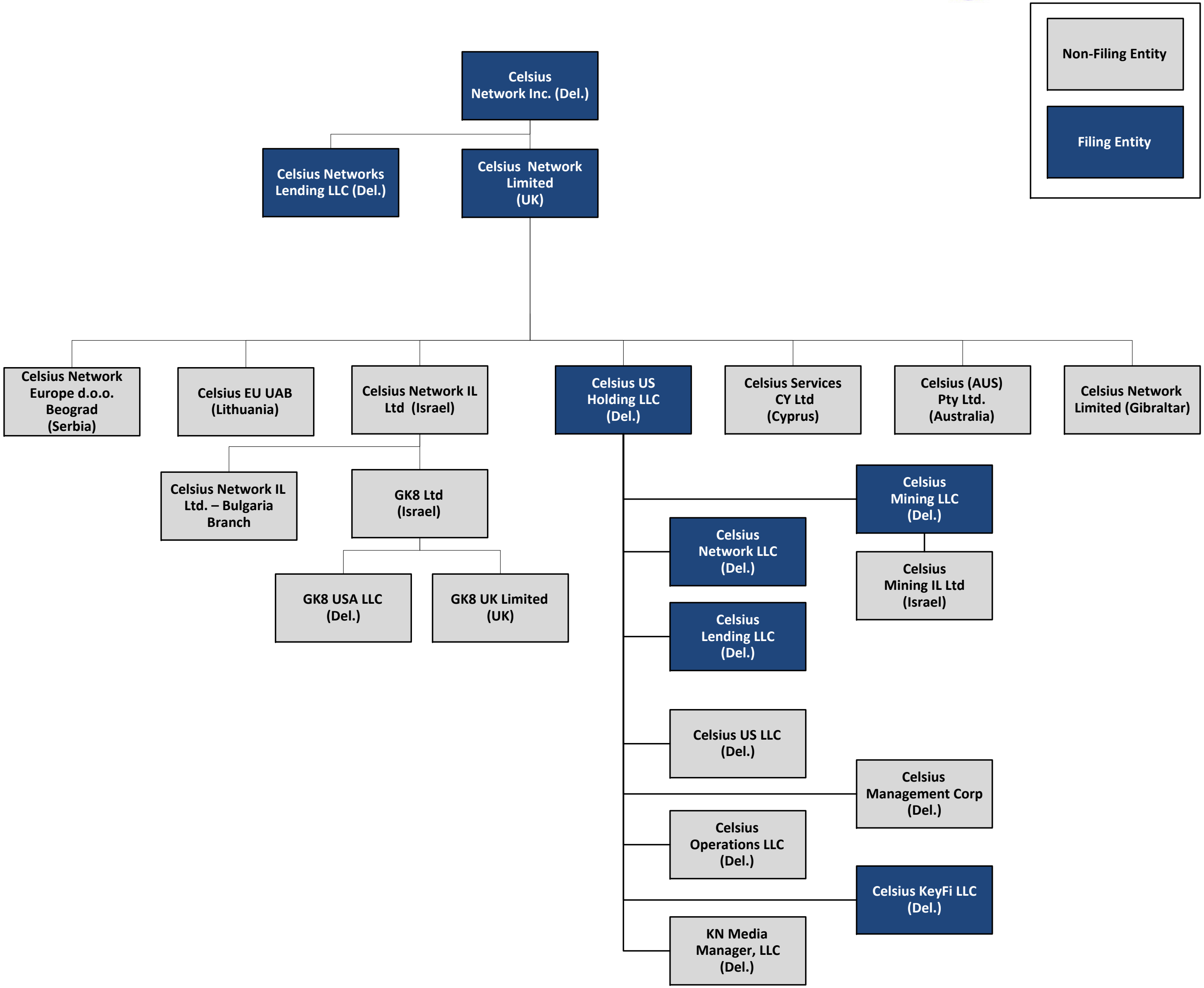


Exhibit B

Committees Organized Prepetition

Pursuant to Local Rule 1007-2(a)(3), to the best of the Debtors' knowledge there were, prior to the Petition Date, no committees formed to participate in the Debtors' ongoing restructuring efforts.

Exhibit C

Consolidated List of the Holders of the Debtors' 50 Largest Unsecured Claims

Pursuant to Local Rule 1007-2(a)(4), the following is a consolidated list of the Debtors' creditors holding the 50 largest unsecured claims (the "Consolidated Creditor List") based on the Debtors' unaudited books and records as of the Petition Date. The Consolidated Creditor List has been prepared in accordance with Bankruptcy Rule 1007(d) and does not include (i) persons who come within the definition of "insider" set forth in section 101(31) of the Bankruptcy Code or (ii) secured creditors, unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 50 largest unsecured claims.

Top Unsecured Creditors

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim if the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	Pharos USD Fund SP Pharos Fund SP Landmark Square, 1st Floor 64 Earth Close PO Box 715 Grand Cayman KY-1107 Cayman Islands	Email - admin@lanternventures.com	Loan Party	Unliquidated			$ 81,081,803
2	On File	On File	Customer	Unliquidated			$ 40,586,695
3	On File	On File	Customer / Loan Party	Unliquidated			$ 38,359,717
4	On File	On File	Customer	Unliquidated			$ 24,628,833
5	On File	On File	Customer / Loan Party	Unliquidated			$ 20,998,387
6	On File	On File	Customer	Unliquidated			$ 19,369,656
7	On File	On File	Customer / Loan Party	Unliquidated			$ 15,812,046
8	On File	On File	Customer / Loan Party	Unliquidated			$ 15,571,124
9	On File	On File	Customer / Loan Party	Unliquidated			$ 15,133,797
10	On File	On File	Customer	Unliquidated			$ 14,569,039
11	ICB Solutions W Royal Forest Blvd Columbus, OH 43214	Phone - 614-403-0997	Customer	Unliquidated			$ 13,343,960
12	The Caen Group LLC Detwiler Road Escondido, CA 92029	Phone - 760-803-0712	Customer	Unliquidated			$ 13,077,800
13	Alameda Research LTD Tortola Pier Park, Building 1 Second Floor Wickhams Cay I Road Town, Tortola VG1110 British Virgin Islands	Email - sam@alamded-research.com Phone - 774-270-0676	Loan Party	Unliquidated			$ 12,770,047
14	B2C2 LTD 86-90 Paul Street London EC2A 4NE United Kingdom	Email - middleoffice@B2C2.com Phone - 44-203-973-4780	Loan Party	Unliquidated			$ 11,814,949
15	Covario AG Landys+Gyr Strasse 1 Zug 6300 Switzerland	Email - brokerage@covar.io Phone - 414-154-11382	Customer	Unliquidated			$ 11,310,531
16	On File	On File	Customer	Unliquidated			$ 11,168,614
17	On File	On File	Customer	Unliquidated			$ 11,131,962
18	On File	On File	Customer	Unliquidated			$ 11,089,080
19	On File	On File	Customer	Unliquidated			$ 10,378,951
20	On File	On File	Customer	Unliquidated			$ 10,328,557
21	Invictus Capital Financial Technologies SPC 67 Fort Street Grand Cayman, KY1-1102 Cayman Islands	Email - spc@invictuscapital.com	Customer	Unliquidated			$ 9,885,589
22	On File	On File	Customer	Unliquidated			$ 9,790,947
23	On File	On File	Customer	Unliquidated			$ 9,678,180
24	On File	On File	Customer / Loan Party	Unliquidated			$ 9,331,765
25	On File	On File	Customer / Loan Party	Unliquidated			$ 9,087,167
26	On File	On File	Customer	Unliquidated			$ 8,499,705

Top Unsecured Creditors

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim if the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
27	Strobilus LLC 159 Main St. Nashua, NH 03060	Phone - 617-640-3914	Customer / Loan Party	Unliquidated			$ 7,850,694
28	Crypto10 SP -Segregated Portfolio of Invictus Capital Financial Technologies SPC 67 Fort Street, 1st Floor, Artemis House George Town, KY1-1102 Cayman Islands	Email - c10_spc@Invictuscapital.com	Customer	Unliquidated			$ 7,829,667
29	Altcointrader (Pty) Ltd 229 Ontdekkers Road, Horizon, Roodepoort 1724 South Africa	Email - richard@altcointrader.co.za Phone - 278-2411-0866	Customer	Unliquidated			$ 7,593,905
30	On File	On File	Customer / Loan Party	Unliquidated			$ 7,460,897
31	On File	On File	Customer	Unliquidated			$ 7,280,505
32	On File	On File	Customer	Unliquidated			$ 7,207,770
33	On File	On File	Customer	Unliquidated			$ 6,754,458
34	Deferred 1031 Exchange, LLC Lakeland Ave. Dover, DE 19901	Phone - 425-766-7107	Customer	Unliquidated			$ 6,684,659
35	On File	On File	Customer	Unliquidated			$ 6,499,769
36	On File	On File	Customer	Unliquidated			$ 6,370,197
37	On File	On File	Customer / Loan Party	Unliquidated			$ 6,349,731
38	On File	On File	Customer / Loan Party	Unliquidated			$ 6,268,520
39	On File	On File	Customer / Loan Party	Unliquidated			$ 6,099,136
40	On File	On File	Customer	Unliquidated			$ 5,909,689
41	On File	On File	Customer	Unliquidated			$ 5,851,623
42	On File	On File	Customer	Unliquidated			$ 5,807,454
43	On File	On File	Customer / Loan Party	Unliquidated			$ 5,788,622
44	On File	On File	Customer / Loan Party	Unliquidated			$ 5,783,350
45	On File	On File	Customer	Unliquidated			$ 5,747,666
46	On File	On File	Customer / Loan Party	Unliquidated			$ 5,746,814
47	On File	On File	Customer	Unliquidated			$ 5,710,805
48	On File	On File	Customer	Unliquidated			$ 5,710,207
49	On File	On File	Customer	Unliquidated			$ 5,664,096
50	On File	On File	Customer	Unliquidated			$ 5,588,694

Exhibit D

Consolidated List of the Holders of the Debtors' Largest Secured Claims

Pursuant to local Rule 1007-2(a)(5), to the best of the Debtors' knowledge there table below shows the secured claim against the Debtors prior to the Petition Date.

	Name of Creditor	Creditor Name, and complete mailing address including zip code of employee, agents or department of creditor familiar with the claim who may be contacted	Amount of Claim	Description of Collateral	Indicate if claim is contingent, unliquidated, or disputed
1	Symbolic Capital Partners Ltd	30 N. Gould St. Suite 2741 Sheridan, WY 82801 United States	$23,120,671.05 (value of our posted collateral in USD as of 7/12/22)	Ethereum pursuant to the Master Loan Agreement dated October 21, 2021 with Celsius Network Limited as the borrower and the Loan Term Sheets promulgated thereunder.	C / U

Exhibit E

Summary of the Debtors' Assets and Liabilities

Pursuant to Local Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis. The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated with their affiliated debtors and non-debtors as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt.

Assets and Liabilities	Amount (Approximate)
Total Assets (Book Value as of July 13, 2022)	$ 4,319,507,506
Total Liabilities (Book Value as of July 13, 2022)	$ 5,505,114,892

Exhibit F

Summary of the Publicly Held Securities of the Debtors

Pursuant to Local Rule 1007-2(a)(7), the Debtors have no classes of shares of stock, debentures, or other securities of the Debtors that are publicly held.

Exhibit G

Summary of the Debtors' Property Held by Third Parties

Pursuant to Local Rule 1007-2(a)(8), the following lists the Debtors' property, as of the Petition Date, that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity.

As further discussed in the First Day Declaration and the Cash Management Motion, the Debtors contract with certain third-party crypto custodians to allow their customers to trade various cryptocurrency and store digital currencies. Through these arrangements, the Debtors' ownership interest is not affected. The Debtors also have certain personal property in connection with the mining of cryptocurrencies, and such property is physically situated at hosting sites provided by third parties. Any additional information that the Debtors may have with respect to the aforementioned will be provided during these chapter 11 cases.

Exhibit H

Summary of the Debtors' Property From Which the Debtors Operates Their Business

Pursuant to Local Rule 1007-2(a)(9), the following lists the location of the premises owned, leased, or held under other arrangement from which the Debtors operates their business as of the Petition Date.

Debtor	Street Address	City	State	Zip Code
Celsius Network Inc.	1447 Peachtree St. NE, 7th Floor	Atlanta	GA	30309
Celsius Network Inc.	401 East Jackson Street, Suite 3300	Tampa	FL	33602
Celsius Network Limited	8912 Spanish Ridge Ave, Suite 300	Las Vegas	NV	89148
Celsius Network Limited	Anexartisias 34, 6th Floor, Nora Court	Limassol	Cyprus	3040
Celsius Network Limited	The Harley Building 77-79 New Cavendish St.	London	United Kingdom	W1W 6XB
Celsius Network Limited	156 Menachem Begin Road, H Recital Building, 10th Floor	Tel Aviv	Israel	6492108
Celsius Network LLC	121 River Street, Waterfront Corporate Center, Building II	Hoboken	NJ	07030
Celsius Network LLC	232 Market Street	Flowood	MI	39232

Exhibit I

Location of Debtors' Assets, Books, and Records

Pursuant to Local Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

As of July 13, 2022, the Debtors had assets of approximately $ 4,319,507,506 as provided in Exhibit E, substantially all of which are held digitally and securely by cloud computing service providers, cryptocurrency investments that are either held with custodians, exchanges, or the DeFi protocol, crypto wallets securely held in cold storage, cash in banks, loan receivables, and mining equipment and rigs located in the United States.

Books and Records

The Debtors' books and records are stored digitally and securely by cloud computing service providers.

Debtors' Assets Outside the United States

The Debtors do not have significant assets located outside of the territorial limits of the United States.[1] In the ordinary course of business, on any given day, the Debtors may own title to goods and merchandise that is in transit to the United States from locations outside the territorial limits. Such goods only remain outside the United States for the duration of shipping and transport. Because of the constant movement of this property, providing a comprehensive list of such goods and merchandise would be impractical.

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[1] Certain Debtors are based or operate in the United Kingdom, Israel, Serbia, and Cyprus. Accordingly, the Debtors may have certain assets in such countries. However, the aggregate value of any such assets is not significant relative to the aggregate value of the Debtors' estates.

<u>Exhibit J</u>

Summary of Legal Actions against the Debtors

Pursuant to Local Rule 1007-2(a)(11), there are no material actions and proceedings pending or threatened against the Company or its properties where a judgment against the Debtors or a seizure of their property may be imminent as of the Petition Date. This list reflects actions or proceedings considered material by the Debtors and, if necessary, will be supplemented in the corresponding schedules to be filed by the Debtors in these chapter 11 cases.

Exhibit K

The Debtors' Senior Management

Pursuant to Local Rule 1007-2(a)(12), the following schedule provides the names of the individuals who constitute the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their responsibilities and relevant experience as of the Petition Date.[1]

Name / Position	Relevant Experience / Responsibilities	Tenure
Alex Mashinsky, Chief Executive Officer & Director	Alex Mashinsky is a Chief Executive Officer and co-founder of Celsius Network. Alex is one of the inventors of VOIP (Voice Over Internet Protocol) and winner of numerous technology and entrepreneurship awards. Over 35 patents have been issued to Alex, relating to exchanges, VOIP protocols, messaging and communication. As a serial entrepreneur and founder of seven New York City-based startups, Alex has raised more than $1 billion and exited over $3 billion. Alex founded two of New York City's top 10 venture-backed exits since 2000: one of his first companies, Arbinet, IPO'd in 2004 with a market capitalization of over $750 million; and another venture, Transit Wireless, was valued at $1.2 billion at the time of exit. Alex has received numerous awards for innovation, including being nominated twice by E&Y as entrepreneur of the year in 2002 & 2011; Crain's 2010 Top Entrepreneur; the prestigious 2000 Albert Einstein Technology medal; and the Technology Foresight Award for Innovation (presented in Geneva at Telecom 99). As one of the pioneers of web-based exchanges, Alex authored patents that cover aspects of the Smart Grid, ad exchanges, Twitter, Skype, App Store, Netflix streaming concept and many other popular web companies. Additionally, Arbinet's fundraising story was featured as a case study in 2001 by Harvard Business School.	2017 – Present
Daniel Leon, Chief Strategy Officer & Director	Daniel Leon is Chief Strategy Officer and co-founder of Celsius Network. He has a proven track record of growing early-stage companies and building them from the ground up. Daniel has co-founded and led multiple companies and not-for-profit organizations. Before Governing Dynamics, where he is a managing partner, he was CEO of Atlis Labs, a venture-backed local discovery platform powered by real-time customer referrals. Prior to that, Daniel served as CEO of Beyon3D and chairman of HereO. He was also general manager, of GroundLink, which raised more than $30 million in funding during his tenure. He	2017 – Present

[1] Persons listed on this schedule hold such positions at both Celsius Network Limited (UK) and Celsius Network LLC, unless indicated otherwise.

Name / Position	**Relevant Experience / Responsibilities**	**Tenure**
	started his career as vice president with the Gallup Organization. Daniel holds a degree in Economics from Brown University. He splits his time between New York and Tel Aviv.	
Nuke Goldstein, President of Labs & Co-founder	Nuke Goldstein is President of Labs and co-founder of Celsius Network. Nuke is an expert in Blockchain, AI and other technologies, having designed the technological and financial infrastructure of Celsius Network. Nuke leads all product initiatives at Celsius from inception to implementation. His career ranges from image processing and AI to IoT and blockchain. Prior to his work on the Celsius crypto assets lending and borrowing platform he designed P2P credit protocols using distributed storage and smart-contracts. Nuke was the CEO and founder of Sevenpop, a leading interactive music technology provider to hundreds of hotels and shopping centers across Israel. Nuke holds a B.Sc. in computer science from the Technion in Haifa (Israel's most elite Institute of Technology). He also has black belts in Kempo Karate and Combat Ju-Jitsu. In addition, he has been awarded a grant by the National Science Foundation.	2017 – Present
Chris Ferraro, Chief Financial Officer	Chris Ferraro is the Chief Financial Officer.	2022 – Present
Aslihan Denizkurdu, Chief Operating Officer	Aslihan Denizkurdu is Chief Operating Officer of Celsius Networks. Aslihan is responsible for continuously strengthening Celsius' infrastructure as well as governance and management practices. Prior to Celsius, Aslihan was the Chief Operating Officer and Head of Governance for Risk Management at Citigroup.	2022 – Present
Rodney Sunada-Wong, Chief Risk Officer	Rodney is an experienced Risk Manager, expert in setting up governance to help achieve profitability objectives, optimize risk-taking, and regulatory expectations. Former Chief Risk Officer - U.S. Broker Dealer, U.S. and Mexico Derivatives Swap Dealers at Morgan Stanley.	2021 – Present

Name / Position	**Relevant Experience / Responsibilities**	**Tenure**
Roni Cohen Pavon, Chief Revenue Officer	Roni is responsible for all revenue generated from Celsius's products, technologies and services, with a special emphasis on new business lines, strategic initiatives and partnerships.	2020 – Present
Ron Deutsch, General Counsel & Head of M&A	Ron Deutsch is General Counsel and Head of M&A of Celsius Network. Ron leads the legal, regulatory and corporate governance functions at Celsius Network. Ron also handles the negotiations, execution, and management of strategic transactions and investments for the company. Prior to joining Celsius, practiced at top AmLaw 100 firms focusing my practice on corporate transactions, representing private and public companies, and private investment funds and their portfolio companies, in complex deals, including mergers and acquisitions, strategic transactions, leveraged buyouts, joint ventures, divestitures, restructurings, growth equity investments, and governance matters. Specialties: Mergers and Acquisitions, Private Equity – LBOs/PIPEs, Blockchain, Investment Funds, Venture Capital/ Emerging Technology, Corporate Transactions, Corporate Governance, Restructuring.	2021 – Present
Oren Blonstein, Chief Compliance Officer	Oren Blonstein is Chief Compliance Officer of Celsius Network. Oren is a proven product and compliance executive with over 20+ years of experience. Oren's role is to lead Celsius's compliance apparatus to ensure the safety of the funds in the network. Prior to Celsius, Oren was Chief Compliance Officer at Huobi US, Advisor at AVA labs and Managing Director at Tora.	2021 – Present
Trunshedda Ramos, Chief Human Resource Officer	Trunshedda Ramos is Chief Human Resource Officer of Celsius Network. Trunshedda is an experienced Human Resources Leader. At Celsius, she is in charge of aligning the human capital strategy to business objectives while ensuring the Celsius culture can continue to scale.	2020 – Present
Shiran Kleiderman, Chief Security Officer	Shiran Kleiderman is Chief Security Officer of Celsius Network. Shiran leads security initiatives and works to keep Celsius funds and internal systems secure. Under Shiran's leadership, our 24/7 security operations center (SOC) keeps our clients safe and secure.	2020 – Present
Guillermo Bodnar, Chief Technology Officer	Guillermo Bodnar is Chief Technology Officer of Celsius Network. Guillermo is a veteran technology and solutions leader, driving Celsius to remain on the bleeding edge of innovation. Prior to Celsius, Guillermo was the Chief Solutions Officer at Globant, where he led the company's digital solutions strategy and built the infrastructure needed to support their IPO.	2022 – Present

Name / Position	**Relevant Experience / Responsibilities**	**Tenure**
Amir Ayalon, Chief Executive Officer of Celsius Mining	Amir Ayalon is the Chief Executive of Officer of Celsius Mining.	2021 – Present
Tal Bentov, Vice President of Lending	Tal Bentov is the Vice President of Lending.	2019 – Present

Exhibit L

The Debtors' Payroll for the 30-Day Period Following the Filing of the Debtors' Chapter 11 Petitions

Pursuant to Local Rules 1007-2(b)(1)–(2)(A) and (C), the following provides, for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the amount paid or proposed to be paid to financial and business consultants retained the Debtors.

Payments	Payment Amount
Payments to employees (not including officers, directors, and stockholders)	$ 3,450,169
Payments to officers, directors, and stockholders	$ 730,833
Payments to financial and business consultants	$0

<u>Exhibit M</u>

The Debtors' Estimated Cash Receipts and Disbursements for the Thirty 30-Day Period Following the Filing of the Chapter 11 Petitions

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the Petition Date, the Debtors' estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Type	Amount
Cash Receipts	$17,128,000
Cash Disbursements	$74,582,000
Net Cash Gain	($57,454,000)
Unpaid Obligations (excluding professional fees)	$3,205,000
Unpaid Receivables (excluding professional fees)	$0[1]

[1] Receivables accrued in connection with the Debtors' lending and staking programs are denominated in cryptocurrency, not cash.